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DIVISION OF ECONOMIC ANALYSIS AND RESEARCH

LABOR MARKET DIGEST

June 1994

The Labor Market Information Newsletter on Maine Economic Activity

Small Business Formations Up

Broad trends at work in the U.S. economy in the last decade have done much to level the playing field between large and small businesses. A number of factors contributed to this trend, including the increasing affordability, availability, and quality of computer hardware and software; the reduced cost and proliferation of telecommunication services; and deregulation of trucking, financial services, and air transportation.

Improved access to capital and technology by small businesses and growing international competition unleashed a new level of competition in markets for products and services once the sole domain of the very largest companies. Greater competition forced many big businesses to improve productivity and customer service, but also revealed the Achilles' heel of size: by their nature, large organizations have difficultly responding quickly to new challenges in the marketplace. Smaller businesses are able to maintain a level of flexibility and responsiveness that larger businesses have difficulty achieving.

Facing greater competition and the need to improve productivity, many large businesses responded by restructuring operations, contracting out non-core functions such as payroll administration and janitorial services, and slashing employment. The magnitude of the layoff announcements at IBM, General Motors, and other giants gained widespread publicity.

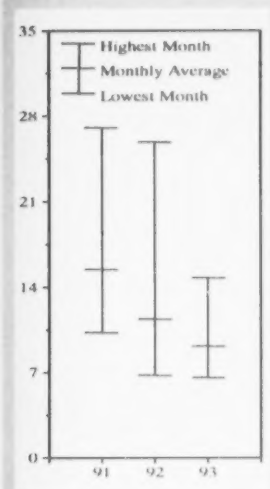
Gaining much less attention is another important trend: the number of small businesses is growing at a very rapid rate. According to a Small Business Administration report, during the 1980s the number of jobs in the top 500 U.S. industrial companies declined at a rate of 400,000 per year. Small businesses created 20 million net new jobs during the same period and, the report says, that trend accelerated after 1988.

The direct impact of the national downsizings has been limited in Maine. Since 1989 employment among many of Maine's largest businesses has declined due primarily to the economic downturn of the early 1990s. But like the national trend, the number of very small businesses in Maine has grown rapidly in recent years. Between 1989 and 1993, the number of private sector businesses* employing fewer than 20 workers increased by nearly 1,200, and the number of net new jobs increased by nearly 4,000. The number of businesses employing more than 20 workers declined by nearly 100, and the net number of jobs dropped by nearly 20,000 during the same period.

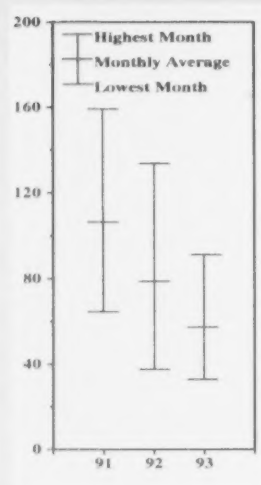
This trend occurred in all major industry divisions, except construction and services. Employment and the number of businesses declined in all size classes in the construction industry, and increased in all size classes in services.

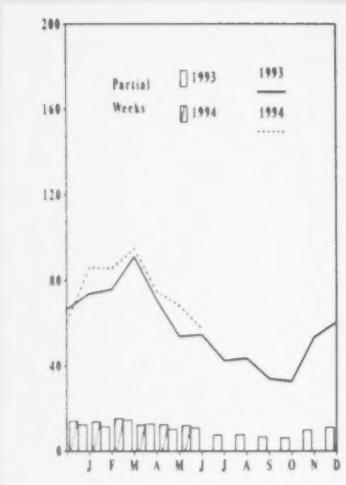
(Continued on page 2)

UI Initial Claims
In Thousands



UI Intrastate Weeks Claimed
In Thousands



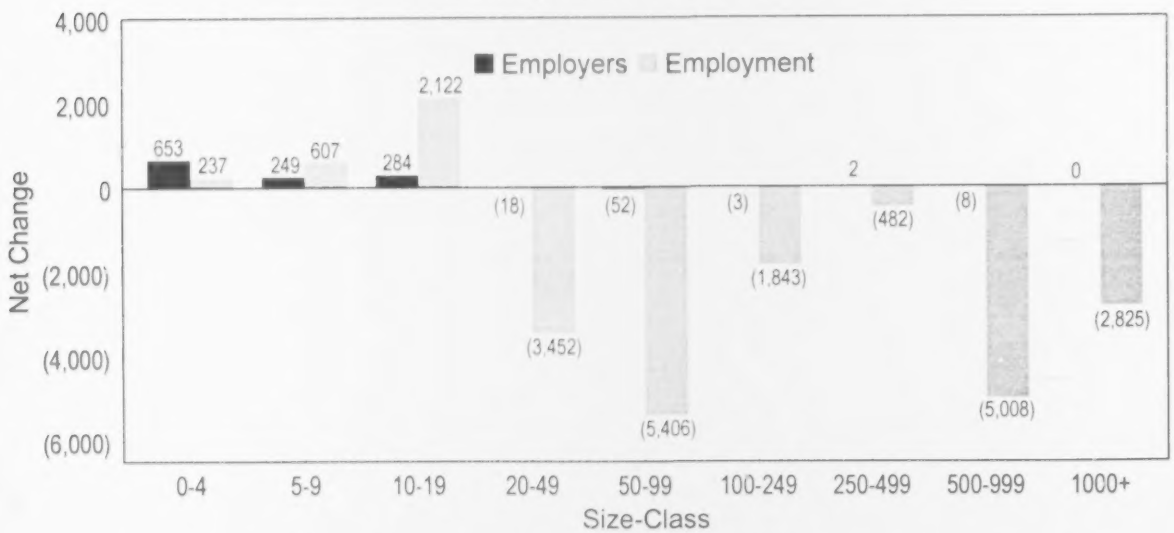


Most of the new small businesses were in wholesale and retail trade, services, and manufacturing. The losses of large firms were mainly in construction, manufacturing, and wholesale trade. Some of the growth in the number of small businesses was from larger firms downsizing into smaller size classes, but most of the growth was from the establishment of new businesses.

* *Data for establishments covered under the Maine Employment Security Law.*

by Glenn Mills
Sr. Economic Research Analyst

Change in Employers and Employment by Size Class
Maine, 1989 to 1993



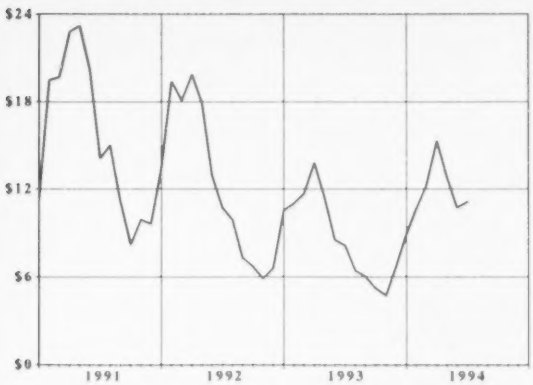
Source: Maine Dept. of Labor, Division of Economic Analysis and Research, ES-202 Covered Employment and Wages Program.

Selected Employment Security Activities

Unemployment Insurance Benefit Payments

In Millions

(Total Includes Maine's Portion of Extended Benefits)



Unemployment Compensation Fund Balance

In Millions

(End of Month)

Earnings and Workweek of Production Workers in Manufacturing Industries

AREA AND INDUSTRY	AVERAGE WEEKLY EARNINGS This Month	AVERAGE WEEKLY EARNINGS Last Month	AVERAGE WEEKLY EARNINGS Year Ago	AVERAGE WEEKLY HOURS This Month	AVERAGE WEEKLY HOURS Last Month	AVERAGE WEEKLY HOURS Year Ago	AVERAGE HOURLY EARNINGS This Month	AVERAGE HOURLY EARNINGS Last Month	AVERAGE HOURLY EARNINGS Year Ago	ANNUAL AVERAGE HOURLY EARNINGS 1991	ANNUAL AVERAGE HOURLY EARNINGS 1992	ANNUAL AVERAGE HOURLY EARNINGS 1993
STATEWIDE												
Manufacturing	$480.79	$477.46	$473.21	40.2	40.6	40.9	$11.96	$11.76	$11.57	$11.08	$11.38	$11.63
Durable Goods	461.64	465.16	465.44	39.9	40.1	40.9	11.57	11.60	11.38	10.61	11.14	11.43
Lumber and Wood Products	380.28	385.02	379.26	41.2	41.4	42.0	9.23	9.30	9.03	8.97	9.25	9.33
Primary and Fabricated Metals	450.73	442.40	480.49	41.2	40.0	43.8	10.94	11.06	10.97	10.18	10.45	11.00
Industrial Machinery and Equipment	610.06	622.17	560.03	44.4	44.6	41.7	13.74	13.95	13.43	12.43	12.82	13.32
Electronic and Other Electric Equipment	395.86	401.32	409.62	37.1	38.7	38.9	10.67	10.37	10.53	9.91	10.02	10.33
Transportation Equipment	556.37	552.96	585.86	37.9	37.9	40.1	14.68	14.59	14.61	12.55	14.09	14.64
Other Durable Goods	378.39	389.37	366.53	40.6	40.9	40.5	9.32	9.52	9.05	8.57	8.86	8.89
Nondurable Goods	495.71	486.30	480.93	40.4	40.9	41.0	12.27	11.89	11.73	11.48	11.57	11.79
Food and Kindred Products	328.52	346.65	343.71	34.4	35.7	36.8	9.55	9.71	9.34	8.76	9.15	9.34
Textile Mill Products	428.64	422.40	402.40	41.9	44.0	42.9	10.23	9.60	9.38	8.82	9.03	9.49
Apparel and Other Textile Products	312.04	287.07	284.46	35.5	36.2	36.8	8.79	7.93	7.73	7.28	7.65	7.95
Paper and Allied Products	776.14	743.16	735.59	43.8	44.0	44.5	17.72	16.89	16.53	16.06	16.25	16.63
Leather and Leather Products	320.10	320.19	310.76	38.8	39.0	38.7	8.25	8.21	8.03	7.82	7.92	8.00
Other Nondurable Goods	425.80	424.27	409.02	41.1	40.6	40.1	10.36	10.45	10.20	9.85	10.07	10.28
PORTLAND MSA												
Manufacturing	419.76	414.95	432.06	39.6	38.6	39.1	10.60	10.75	11.05	10.45	10.55	10.68
LEWISTON.AUBURN MSA												
Manufacturing	399.91	388.85	393.82	39.4	39.8	40.6	10.15	9.77	9.70	9.33	9.53	9.82

Female Labor Force in Maine

In Thousands

ITEM[1/]	This Month	Last Month	Year Ago
Labor Force	295.9	296.9	306.7
Unemployment	14.2	15.5	25.5
(Percent)	4.8%	5.2%	8.3%
Resident Employed	281.7	281.4	281.2

U.S. Consumer Price Index

BASE PERIOD (1982-1984 = 100) All Items (CPI-U)	This Month	Last Month	Year Ago	Last Dec.
	148.0	147.5	144.4	145.8

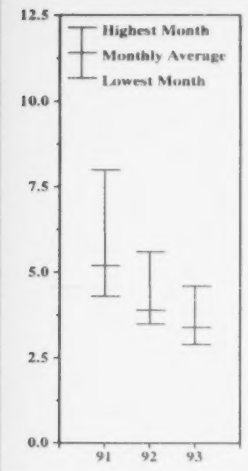
Percent Change for Past Month	+0.3%
Percent Change from Last December	+1.5%
Percent Change from 12 Months Ago	+2.5%

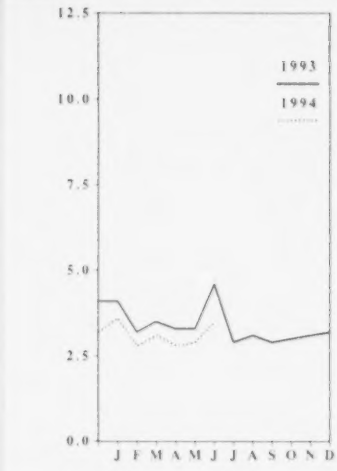
1/ Current figures preliminary; last month and year ago figures revised.

Source: Female labor force estimates are developed by, and solely the responsibility of, the Maine Division of Economic Analysis and Research.

New Applications For Work

In Thousands

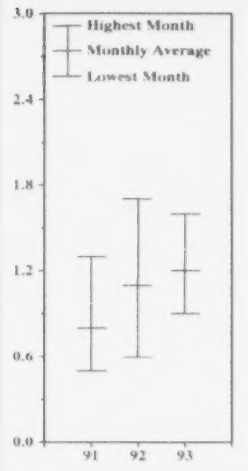


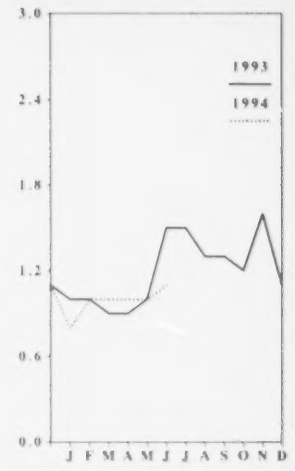


Nonfarm Placements

In Thousands

(Excludes Placements of Less than Three Days Duration)





Nonfarm Wage and Salary Employment by Place of Work (In Thousands)

ITEM	STATEWIDE			PORTLAND MSA			LEWISTON-AUBURN MSA		
	THIS MONTH	LAST MONTH	YEAR AGO	THIS MONTH	LAST MONTH	YEAR AGO	THIS MONTH	LAST MONTH	YEAR AGO
Nonfarm Wage and Salary Employment 1/	534.4	526.0	530.9	127.0	125.7	126.3	40.6	40.1	39.5
Goods Producing	116.2	113.9	114.4	19.4	18.9	19.0	10.3	10.1	10.2
Construction and Mining	23.2	22.3	22.8	5.7	5.4	5.6	1.7	1.6	1.7
Building Construction	5.5	5.5	5.3	1.2	1.2	1.2	n/a	n/a	n/a
Special Trade Contractors	13.0	12.4	12.8	3.8	3.7	3.7	n/a	n/a	n/a
Manufacturing	93.0	91.6	91.6	13.7	13.5	13.4	8.6	8.5	8.5
Durable Goods	41.2	40.5	40.3	6.1	6.1	5.9	2.2	2.1	2.3
Lumber and Wood Products	10.5	10.0	10.4	n/a	n/a	n/a	n/a	n/a	n/a
Primary and Fabricated Metals	3.4	3.4	3.3	n/a	n/a	n/a	n/a	n/a	n/a
Industrial Machinery and Equipment	4.3	4.2	3.7	1.4	1.4	1.2	n/a	n/a	n/a
Electronic and other Elect. Equip	6.9	6.9	6.7	2.0	2.0	2.0	n/a	n/a	n/a
Transportation Equipment	12.2	12.2	12.1	(d)	(d)	(d)	n/a	n/a	n/a
Other Durable Goods 2/	3.9	3.8	4.1	2.7	2.7	2.7	n/a	n/a	n/a
Nondurable Goods	51.8	51.1	51.3	7.6	7.4	7.5	6.4	6.4	6.2
Food and Kindred Products	6.6	6.4	6.5	1.9	1.8	2.0	n/a	n/a	n/a
Textile Mill Products	5.8	5.8	5.6	(d)	(d)	(d)	n/a	n/a	n/a
Apparel and Other Textile Products	2.7	2.8	2.8	n/a	n/a	n/a	n/a	n/a	n/a
Paper and Allied Products	15.7	15.7	16.3	(d)	(d)	(d)	n/a	n/a	n/a
Printing and Publishing	5.5	5.5	5.4	1.7	1.7	1.6	n/a	n/a	n/a
Rubber and Misc. Plastic Products	3.1	3.0	3.1	n/a	n/a	n/a	n/a	n/a	n/a
Leather and Leather Products	10.6	10.3	10.0	1.3	1.3	1.2	2.1	2.1	1.8
Footwear (except Rubber)	8.7	8.4	8.1	n/a	n/a	n/a	n/a	n/a	n/a
Other Nondurable Goods 3/	1.8	1.6	1.6	2.7	2.6	2.7	4.3	4.3	4.4
Service Producing	418.2	412.1	416.5	107.6	106.8	107.3	30.3	30.0	29.3
Transportation and Public Utilities	21.8	20.9	22.4	6.0	6.0	6.0	1.5	1.4	1.4
Wholesale Trade	23.4	23.3	23.5	8.6	8.6	8.7	1.9	1.9	1.9
Retail Trade	113.3	108.3	110.9	29.4	28.1	28.1	8.5	8.3	8.1
General Merchandise Stores	11.5	11.4	11.3	n/a	n/a	n/a	n/a	n/a	n/a
Food Stores	18.8	18.0	19.3	n/a	n/a	n/a	n/a	n/a	n/a
Eating and Drinking Places	38.7	35.5	37.7	9.4	9.0	8.9	n/a	n/a	n/a
Finance, Insurance, and Real Estate	26.2	26.1	26.0	12.1	12.1	12.3	2.0	2.0	1.9
Banking	9.1	8.9	9.0	n/a	n/a	n/a	n/a	n/a	n/a
Insurance Carriers, Brokers and Agents	11.7	11.7	11.6	n/a	n/a	n/a	n/a	n/a	n/a
Services	139.8	137.3	137.9	35.2	34.6	36.0	11.8	11.6	11.5
Hotels and Other Lodging Places	12.1	9.8	11.5	n/a	n/a	n/a	n/a	n/a	n/a
Business Services	14.6	14.1	14.2	n/a	n/a	n/a	n/a	n/a	n/a
Health Services	49.9	49.6	49.6	n/a	n/a	n/a	n/a	n/a	n/a
Federal Government	14.6	14.7	16.0	2.1	2.1	2.0	0.3	0.3	0.3
State Government	23.9	26.8	24.3	3.9	4.9	3.8	0.6	0.7	0.6
Local Government	55.2	54.7	55.5	10.3	10.4	10.4	3.7	3.8	3.6
Involved in Labor-Management Disputes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1/ Employment figures relate to full- and part-time wage and salary workers in pay periods including the 12th of the month. Domestic workers in private households, proprietors, self-employed, and unpaid family workers are excluded. 2/ Includes Standard Industrial Classification (SIC) codes: Statewide - 25, 32, 38, 39; Portland - 24, 25, 32, 33, 34, 37, 38, 39. 3/ Includes SIC codes: Statewide - 28, 29; Portland - 20, 22, 23, 26, 30; Lewiston - 20, 22, 23, 26, 27. 4/ Regular teachers are included in summer months whether or not specifically paid in those months. n/a - data not available in sufficient detail for publication. * Less than 50. (d) Nondisclosure item. Source: Nonfarm wage and salary employment by place of work and earnings, and workweek of production workers in manufacturing industries are developed by the Maine Division of Economic Analysis and Research in cooperation with the U.S. Bureau of Labor Statistics.

Labor Force, Employment and Unemployment

Area 1/	LABOR FORCE 2/ This Month	Last Month	Year Ago	RESIDENT EMPLOYED This Month	Last Month	Year Ago	UNEMPLOYMENT Number This Month	Last Month	Year Ago	UNEMPLOYMENT Percent of Labor Force This Month	Last Month	Year Ago
MAINE-STATEWIDE (000)	627.4	614.3	647.5	589.5	578.4	596.6	37.9	35.9	50.9	6.0	5.8	7.9
MAJOR LABOR MARKETS												
Bangor MSA	48,500	48,900	48,300	46,300	46,800	45,400	2,200	2,100	3,000	4.6	4.3	6.2
Lewiston-Auburn MSA	49,800	49,100	50,600	46,500	46,100	46,000	3,300	3,000	4,600	6.7	6.0	9.0
Portland MSA	119,000	117,500	122,300	113,600	113,000	114,600	5,400	4,600	7,700	4.5	3.9	6.3
Portsmouth-Rochester MSA	n/a	n/a	121,500	n/a	n/a	115,300	n/a	n/a	6,200	n/a	n/a	5.1
OTHER LABOR MARKETS												
Augusta	43,120	42,760	45,920	40,870	40,580	42,530	2,250	2,190	3,390	5.2	5.1	7.4
Bath-Brunswick	33,450	33,430	35,020	32,160	32,150	32,860	1,290	1,290	2,160	3.9	3.8	6.2
Belfast	11,930	11,590	12,310	11,170	10,820	11,230	750	780	1,080	6.3	6.7	8.8
Biddeford	36,270	33,950	38,060	34,740	32,430	35,690	1,530	1,520	2,380	4.2	4.5	6.2
Boothbay Harbor	9,060	8,070	9,130	8,730	7,760	8,680	330	310	450	3.6	3.9	5.0
Bucksport	5,040	4,930	5,230	4,760	4,660	4,890	280	280	340	5.6	5.6	6.4
Calais	5,260	5,190	5,560	4,630	4,550	4,690	630	640	870	12.0	12.3	15.6
Dexter-Pittsfield	13,220	12,880	13,370	12,100	11,770	11,960	1,120	1,110	1,410	8.5	8.6	10.5
Dover-Foxcroft	7,060	6,890	7,320	6,540	6,370	6,660	520	520	660	7.4	7.5	9.1
Ellsworth-Bar Harbor	18,900	16,910	19,470	17,950	15,800	18,110	940	1,110	1,360	5.0	6.6	7.0
Farmington	17,220	17,350	18,410	15,990	15,970	16,720	1,230	1,370	1,690	7.1	7.9	9.2
Fort Kent	3,700	3,490	3,880	3,160	2,890	3,200	540	600	680	14.6	17.1	17.6
Greenville	1,180	1,060	1,210	1,080	940	1,090	100	120	120	8.7	11.5	10.2
Houlton	6,720	6,440	6,840	6,160	5,900	6,200	560	540	650	8.3	8.4	9.4
Jonesport-Milbridge	3,830	3,630	3,860	3,440	3,290	3,330	390	340	530	10.1	9.4	13.7
Kittery-York	18,840	18,860	19,370	18,320	18,330	18,690	520	540	680	2.8	2.8	3.5
Lincoln-Howland	5,660	5,550	5,810	5,170	4,990	5,170	480	570	640	8.6	10.2	11.0
Machias-Eastport	6,830	6,660	6,970	6,110	6,020	6,050	720	640	920	10.6	9.6	13.2
Madawaska	4,280	4,150	4,210	3,980	3,840	3,870	300	310	340	6.9	7.5	8.0
Millinocket-East Millinocket	5,690	5,580	6,020	5,060	5,000	5,430	630	580	590	11.0	10.4	9.8
Norway-Paris	9,990	9,820	10,770	8,980	8,960	9,620	1,010	860	1,150	10.1	8.7	10.7
Outer Bangor	7,480	7,210	7,590	6,890	6,630	6,850	590	590	740	7.9	8.1	9.7
Patten-Island Falls	2,080	1,970	1,960	1,890	1,740	1,760	190	230	200	9.0	11.8	10.0
Presque Isle-Caribou	20,740	20,480	22,380	18,450	18,380	19,750	2,290	2,100	2,640	11.1	10.3	11.8
Rockland	21,740	20,780	22,150	20,760	19,950	20,850	970	820	1,300	4.5	4.0	5.9
Rumford	10,220	10,000	10,250	9,210	9,060	9,170	1,010	940	1,080	9.9	9.4	10.5
Sanford	21,380	20,900	21,330	20,040	19,780	19,400	1,340	1,120	1,920	6.3	5.4	9.0
Sebago Lakes Region	12,330	11,850	13,370	11,550	11,170	12,390	780	680	980	6.4	5.7	7.3
Skowhegan	15,990	15,730	16,460	14,510	14,260	14,720	1,480	1,470	1,740	9.3	9.3	10.6
Stonington	5,250	5,150	5,370	5,050	4,940	5,070	200	210	300	3.7	4.0	5.6
Van Buren	1,510	1,470	1,580	1,340	1,320	1,320	180	160	250	11.6	10.8	16.1
Waterville	24,100	24,040	25,180	22,300	22,260	22,750	1,810	1,780	2,430	7.5	7.4	9.7
NEW ENGLAND STATES (000)												
Connecticut	n/a	n/a	1,830.7	n/a	n/a	1,711.5	n/a	n/a	119.2	n/a	n/a	6.5
Massachusetts	3,216.0	3,155.0	3,216.0	3,023.0	2,972.0	3,011.0	193.0	183.0	205.0	6.0	5.8	6.4
New Hampshire	n/a	n/a	623.9	n/a	n/a	583.8	n/a	n/a	40.0	n/a	n/a	6.4
Rhode Island	n/a	n/a	513.2	n/a	n/a	476.4	n/a	n/a	36.8	n/a	n/a	7.2
Vermont	313.8	308.2	321.7	301.3	294.9	304.8	12.5	13.3	16.9	4.0	4.3	5.2
UNITED STATES (000)	132,115	130,602	129,839	123,864	122,946	120,586	8,251	7,656	9,252	6.2	5.9	7.1

Footnotes

1/ Labor force, employment, and unemployment data for all areas are by place of residence and are not seasonally adjusted. Estimates made independently for each labor market area have been benchmarked to and extrapolated from the Current Population Survey estimates for the state. All data exclude members of the Armed Forces. Data are rounded for publishing purposes. Employment and unemployment may not add to labor force due to rounding. MSA - Metropolitan Statistical Area. n/a indicates that the information was not available at the time of printing.

2/ Current estimates preliminary. Last month and year ago estimates revised.

3/ Kittery-York is the five-town Maine portion of the Portsmouth-Rochester PMSA which includes towns in both Maine and New Hampshire.

Source: These data are developed by the Maine Division of Economic Analysis and Research in cooperation with the U.S. Bureau of Labor Statistics.

Mid-Month Insured Unemployment

ITEM	STATEWIDE This Month	Last Month	Year Ago	PORTLAND MSA This Month	Last Month	Year Ago	LEWISTON-AUBURN MSA This Month	Last Month	Year Ago
Number of continued-week claimants*	11,206	13,794	10,216	1,732	1,890	1,793	1,047	1,197	957

* Continued-week claimants are less partials for week including the 12th of the month.

Civilian Labor Force and Nonfarm Wage and Salary Employment in Maine

Seasonally Adjusted in Thousands

ITEM	1993							1994					
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Civilian Labor Force 1/	631.4	628.1	629.4	627.8	627.6	626.5	624.4	628.0	632.5	625.1	619.6	611.9	611.9
Resident Employment	580.4	578.0	577.1	575.2	575.9	575.1	574.7	568.6	585.5	582.3	579.8	576.6	573.5
Unemployment	51.0	50.1	52.3	52.6	51.6	51.4	49.7	59.4	43.0	42.9	39.8	35.2	38.0
Percent of Labor Force	8.1	8.0	8.3	8.4	8.2	8.2	8.0	9.5	7.4	6.9	6.4	5.8	6.2
Nonfarm Wage and Salary Employment 2/	518.9	519.1	520.3	519.8	521.9	522.2	521.6	517.7	520.9	521.0	524.0	527.6	527.2
Construction	20.4	20.8	20.5	20.4	21.1	21.4	21.7	21.5	21.5	21.5	21.5	22.1	21.5
Manufacturing, Durable Goods	40.3	40.3	40.2	40.3	40.5	40.8	40.8	40.6	41.5	41.6	41.5	41.5	41.4
Manufacturing, Nondurable Goods	50.6	50.7	50.9	50.6	51.1	51.0	51.0	50.6	50.9	51.2	51.0	51.3	51.3
Transportation and Public Utilities	22.1	22.0	22.1	22.1	21.6	21.8	21.9	21.4	21.5	21.3	20.9	21.0	21.5
Wholesale Trade	23.1	23.2	23.2	23.3	23.4	23.4	23.3	23.5	23.4	23.3	23.3	23.2	23.1
Retail Trade	106.9	107.0	107.3	108.0	107.9	107.5	106.8	106.2	106.2	105.7	108.8	110.1	111.2
Finance, Insurance, and Real Estate	25.7	25.7	25.9	25.8	25.9	26.1	26.0	25.9	25.9	26.1	26.1	25.9	25.8
Services	134.6	133.3	134.1	135.2	136.3	136.5	136.7	135.8	136.4	137.0	137.6	138.7	138.3
Government	95.1	95.9	95.9	93.9	94.0	93.6	93.3	92.1	93.4	93.3	93.2	93.8	93.0

1/ Place of residence. 2/ Place of work.

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